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## **ARTS OPTICAL INTERNATIONAL HOLDINGS LIMITED**

**雅視光學集團有限公司**

*(incorporated in Bermuda with limited liability)*

### **CONNECTED TRANSACTION**

Sin Dak, a wholly-owned subsidiary of the Company, entered into the Agreement with Mr. Ng on 29th January, 2004 in relation to the sale of the Property by Sin Dak to Mr. Ng at a consideration of HK\$2,500,000. The Property is currently occupied by Mr. Ng and his family, free of rent, as a director's quarters. The Group intends to use the net proceeds as general working capital.

The Property has a net book value in the Group's accounts of approximately HK\$1.28 million. After deducting the net book value of the Property and the transaction costs incurred, the Group realised a net book profit of approximately HK\$1.21 million under this transaction. Vigers Appraisal & Consulting Limited, an independent property valuer, has carried out a valuation on the open market value of the Property and confirmed that the value of the Property as at 26th January, 2004 was HK\$2,400,000. The consideration for the sale and purchase of the Property of HK\$2,500,000 represents a premium of approximately 4% and 95% to the open market value and the net book value of the Property respectively. The directors, including the independent non-executive directors of the Company, are of the opinion that the transaction is conducted on normal commercial terms, which are arrived at after arm's length negotiations between the parties and are fair and reasonable insofar as the shareholders of the Company are concerned.

As Mr. Ng is an executive director of the Company, the entering into of the Agreement constitutes a connected transaction for the Company under the Listing Rules. The consideration to the sale and purchase of the Property is less than the higher of HK\$10,000,000 or 3% of the book value of the net tangible assets of the Group. According to Rule 14.25(1) of the Listing Rules, no shareholders' approval is required. The Company will include details of the transaction in the Company's next published annual report and accounts.

#### **1. AGREEMENT**

##### **Date of Agreement:**

29th January, 2004.

##### **Seller:**

Sin Dak, a wholly-owned subsidiary of the Company.

**Purchaser:**

Mr. Ng, an executive director of the Company.

**Nature of transaction:**

Sale of the Property by Sin Dak to Mr. Ng.

**Consideration:**

The consideration for the sale and purchase of the Property is HK\$2,500,000 and shall be satisfied in the following manner:

- (1) HK\$250,000 was paid on the date of the Agreement; and
- (2) on Completion, Mr. Ng will pay the remaining HK\$2,250,000 to Sin Dak.

**Completion Date:**

Completion shall take place no later than 5:00 pm on 27th February, 2004. Completion of the sale and purchase of the Property is not subject to any condition precedent.

**Reason for the transaction and intended use of proceeds:**

The Group is principally engaged in the design, manufacture and sales of optical products. The Property is currently occupied by Mr. Ng and his family, free of rent, as a director's quarters. It has a net book value in the Group's accounts of approximately HK\$1.28 million. After deducting the net book value of the Property and the transaction costs incurred, the Group realised a net book profit of approximately HK\$1.21 million under this transaction. The Directors consider that, having regard to the favourable sale price and the prevailing conditions in the Hong Kong property market, it would be beneficial for the Group to dispose the Property at a premium of approximately 4% and 95% to the open market value (as determined by an independent valuer) and the net book value respectively and to utilise the resulting net proceeds, which amounts to approximately HK\$2.49 million, as general working capital.

**Implications under the Listing Rules:**

Mr. Ng is an executive director of the Company and is therefore a connected person of the Company, and as a result of which, the entering into of the Agreement constitutes a connected transaction for the Company under the Listing Rules.

As the consideration to the sale and purchase of the Property is less than the higher of HK\$10,000,000 or 3% of the book value of the net tangible assets of the Group, according to Rule 14.25(1) of the Listing Rules, no shareholders' approval is required. The Company will include details of the transaction in the Company's next published annual report and accounts.

## 2. GENERAL

Vigers Appraisal & Consulting Limited, an independent property valuer, has carried out a valuation on the open market value of the Property and confirmed that the value of the Property as at 26th January, 2004 was HK\$2,400,000. The consideration for the sale and purchase of the Property of HK\$2,500,000 represents a premium of approximately 4% to such open market value of the Property.

The directors, including the independent non-executive directors of the Company, are of the opinion that the transaction is conducted on normal commercial terms, which are arrived at after arm's length negotiations between the parties and are fair and reasonable insofar as the shareholders of the Company are concerned.

## 3. DEFINITIONS

“Agreement”	means the agreement dated 29th January, 2004 in relation to the sale and purchase of the Property entered into between Sin Dak and Mr. Ng
“Company”	means Arts Optical International Holdings Limited
“Completion”	means completion of the sale and purchase of the Property
“Group”	means the Company together with its subsidiaries
“Listing Rules”	means the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Ng”	means Mr. Ng Kim Ying, an executive director of the Company
“Property”	means Flat D, 23rd Floor, Block 1, Laguna City, Kwun Tong, Kowloon, Hong Kong
“Sin Dak”	means Sin Dak Industrial Limited, a wholly-owned subsidiary of the Company
“Stock Exchange”	means The Stock Exchange of Hong Kong Limited

By order of the board of  
**Arts Optical International Holdings Limited**  
**Ng Hoi Ying, Michael**  
*Chairman*

Hong Kong, 29th January, 2004

“Please also refer to the published version of this announcement in The Standard”.